

CALIFORNIA PUBLIC UTILITIES COMMISSION  
Water Division  
Water Advisory Branch

Staff Notes on a Sewer System Certificate Application

Standard Practice U-11-W

April 2001

## Staff Notes on a Sewer System Certificate Application

The attached outline has been prepared as an aid in the preparation of a formal application for a certificate of public convenience and necessity to construct a sewer system. It is designed to assist an applicant in preparing a complete application and in complying with statutory requirements; also, to enable the Commission's staff to expedite its investigation.

An application must comply with the Commission's Rules of Procedure, particularly those rules shown in Articles 2, 4, 5, 8, and 23, and Rule 17.1 (Preparation and Submission of Environmental Impact Reports). The filing fee for the application is \$75.

An applicant must file the utility's tariff schedules with the Commission after the certificate is granted per PUC General Order 96-A. These tariff schedules are composed for the service area maps, rate schedules, rules and sample forms that apply to and govern the utility. The staff will assist the utility in preparing these tariff schedules. The service area map and rate schedules must be included in the application.

The applicant must obtain the necessary permits from the Regional Water Quality Control Board and State, County and local Health Departments. The sewer system must comply with the applicable agencies' requirements and must meet acceptable engineering practices.

The Commission does not necessarily hold a hearing on an application for a sewer system certificate, but may issue its decision on an ex parte basis. Hearings may not be required where the application is relatively complete and where there are not parties protesting, or likely to protest, the granting of the application.

With respect to the mechanics of the preparation of an application:

Paper size: The size of this guide, 8½ x 11 inches, is required.

Use only one side of the paper.

Double space all text material. Single space tabulated data.

PUC requires an original and 7 conformed copies. Copies may be produced from the original by some permanent process such as Xerox but not Thermo-Fax.

For convenience in handling, maps should not exceed a rectangular size of about 30 x 40 inches and must be folded to the size of the application.

In establishing a new sewer system public utility, applicants are advised that it is Commission policy to certificate only that portion of a real estate development, wherein sewer collection and sewage treatment facilities are to be constructed initially, as opposed to the whole area a developer may own or control. In other words, the Commission ordinarily certifies only that portion of a development wherein facilities have been planned in detail and the construction scheduled to go forward as soon as the certificate decision has been issued.

The Commission staff favors one large utility as opposed to a number of smaller utilities, other things being equal. If there is an established utility wherein the immediate area of a real estate development, the developer should explore the possibility of the existing utility providing the sewer mains, sewage treatment plant and any special facilities needed to serve the development under its filed main extension rule. The Commission is unlikely to certificate a developer to establish a new utility merely because the developer owns or controls the land to be served.

With respect to the type of business organization to be set up, applicants should be advised that under the Commission's regulatory jurisdiction, staff members must have access all books and records of a public utility and a public utility corporation must obtain Commission authority to issue its stock. For these reasons the staff suggests that applicants explore the feasibility of establishing the utility as an entity separate from any other business activity.

As an aid in preparing an application of a certificate, the Commission's Water Division staff personnel would be pleased to review a single draft copy of a proposed application before the filing is made. In this manner, the staff can make comments on the contents of the proposed application which may indicate the need for any additional data or the elimination of any unnecessary information. Personnel are

available for this consultation at the Commission's headquarters, 505 Van Ness Avenue, Civic Center, San Francisco, California 94102, or the southern California area branch office, 107 South Broadway, Los Angeles, California 90012.

After an application has been filed and assigned a number, all correspondence concerned that matter should show the number in the upper right-hand corner.

Attachment

# Outline Guide for a Sewer System Certificate Application

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of (one or )  
more individuals dba or partnership dba )  
or a California corporation) for a )  
Certificate of Public Convenience and )  
Necessity to Construct a Public Utility )  
Sewer System near (town) in (county) )  
and to Establish Rates for Service and )  
(if corporation) to Issue Stock )

Application No.

\_\_\_\_\_  
(PUC will Insert)

### APPLICATION

The application of (exact legal name of each applicant) respectfully shows:

#### I

(If Individuals)

Business and residence address and telephone numbers.

(dba) utility name.

(If Corporation)

Names and addresses of principal stockholders.

State that a copy of articles of incorporation certified by Secretary of State is attached to original of application.

Name, address, and telephone number of person to whom communications regarding this application should be addresses.

#### II

Indicate that financial statements of the net worth of individual applicants or principal stockholders are attached as exhibits.

Explain relationship between and among the landowner, the developer, and the utility.

Show names and addresses of any other privately or publicly owned sewer systems within 1 mile and at least the two systems nearest to the requested area. Certify that a copy of the application has been furnished to all parties named and to the county board of supervisors.

#### III

State that under Section 1001 of the Public Utilities Code a certificate of public convenience and necessity to construct a sewer system or is requested to serve:

Identification of development (subdivision name(s), tract number(s), etc.)

Geographic location (township, range, portion of section).

Location reference to other landmarked locations such as towns, highways, railroads, lakes, rivers, parks, airports, military bases, resort areas, etc.

Attach a location map as an exhibit which shows the location of the proposed construction and its relationship to potential competing entities and the other pertinent data. (U.S. Department of the Interior, Geological Survey quadrangle maps to the scale of 1:24,000 (1-inch equals 2,000 ft.) or a portion of county maps are suitable for location.)

#### IV

Describe the development in which sewer system facilities are to be constructed showing:

Total acreage within the boundaries to be served and number of lots.

Square feet area of the smallest and largest lots, average of all lots.

Elevations above sea level of the lowest point and highest point of land.

General description of the terrain.

Character of the subdivision, urban residential, resort, etc.

Lots to be sold or leased, with or without homes.

Attach as an exhibit a tabulation of estimated customers (residential, commercial, industrial, etc.) for the first, fifth and tenth years of operation.

Availability of water system, electric, telephone, natural gas services.

Subdivision map has or has not been approved by the county.

Attach as an exhibit a final or tentative subdivision map.

#### V

Briefly describe the proposed sewer system, how it is to operate, and the level (primary, secondary, tertiary) and method used for sewage treatment and disposal.

State that a map is attached as an exhibit which shows, with legend and symbols, all sewer system facilities to be installed. (The subdivision map in IV above may be used for this purpose and if there are to be collection, treatment and disposal facilities outside of the development a separate map to the same scale may be used to delineate these.) The maps should show some light contour lines referenced from sea level to indicate appropriate elevations. The maps should also show land to be used as utility property and easements.

If the sewage treatment facilities have been constructed or are in the planning stage, attach as an exhibit an engineering analysis showing the capacity and capabilities of the facilities.

Attach as an exhibit all computations of sewage flow rates and sewage characteristics. These computations should be part of an engineering report or analysis of the sewage collection, treatment and disposal facilities.

## VI

Provide a list of the principal quantities of utility plant materials by type and size to be used in constructing the sewer system such as pipes, pumps, motors and treatment plant components, with estimated installed unit costs.

Show the estimated cost of the proposed system, including all engineering and legal fees, using the estimated status of the system at the end of the first year of operation and the end of the fifth year of operations. (See following tabulation.) The Commission does not yet have a Uniform System of Accounts for sewer system utilities so that the tabulation contains suggested accounts.

Estimated Utility Plant

:	:	<u>As of End of Year</u>		:
:	:	First Full	:	:
:	:	Year of	:	Fifth
:	:	Operation	:	Year
:	Account	:	:	:

Intangible Plant

Land, Rights-of-Way, Easements

Subtotal, Nondepreciable

Buildings and Structures

Pump Station Equipment at Treatment Plant

Treatment and Disposal Equipment

Other Plant Equipment

Outfall Sewer Main and sprinkler Equipment

Collection Sewers

Service Lateral Sewers

Pump Station Equipment on Collection Systems

Transportation Equipment

Office Furniture and Equipment

Miscellaneous Equipment

Total

Less: Reserve for Depreciation

Net Utility Plant

Amount of legal fees included above?

Amount of engineering fees included above?

Is land valued at cost or market?

Have any depreciable facilities been in use for one year or more prior to application?

Amount of reserve for depreciation on facilities in use for one year or more prior to application?



## VII

Show requirements of other governmental agencies and how requirements may have been met, as may be appropriate such as:

- a. Waste water (sewage) discharge resolution to be issued by State Regional Water Quality Control Board.
- b. County franchise if county has such requirement. Application should state that authority is requested to exercise a franchise which has been received or applied for.
- c. State, county or local public health departments' requirements for waste water treatment and disposal.
- d. Land use permit for sprinkler disposal of effluent on land (of applicable).

Identify and summarize any contracts, if any, executed or proposed, with government agencies or private parties to be involved in the continued operation of the proposed water system.

## VIII

Show the rates requested;

Measured rates:

Basis of measurement (metered water usage, etc.)

Minimum or service charge type

Monthly, bi-monthly, or annual basis

Flat rates

Base rate for service

Basis for determining the rates for customers other than single-family residential.

Monthly, bi-monthly or annual basis

## IX

Provide the estimated operating results which includes an estimate of the number of customers, revenues, expenses, depreciation and taxes for the first, fifth, and tenth year of operation. (See following tabulation.). Refer to CPUC's Uniform System of Accounts for Water Utilities as a guide in compiling this tabulation.

### Estimated Operating Results

:	:	<u>As of End of Year</u>			:
:	:	First Full	:	:	:
:	:	Year of	:	Fifth	:
:	:	Operation	:	Year	:
:	:	Year	:	Year	:
:	:	Item	:	:	:

Number of Customers (End of Year)	
Revenues:	
Residential Revenues	
Commercial Revenues	
Industrial Revenues	
Subtotal	
Miscellaneous Operating Revenues	
Total Revenues	
Expenses:	
Purchased Power and Fuel for Pumps and Motors	
Operation and Maintenance – Labor	
Operation and Maintenance – Materials	
Operation and Maintenance – Contract Work	
Office and Management Salaries	
Office Supplies and Expenses	
Rents	
Insurance Expense	
Accounting, Legal and Other Services	
Vehicle Expense	
General Expense	
Subtotal Operating Expenses	
Income Taxes	
Taxes Other Than Income Taxes	
Depreciation Expense*	
Total Expenses, Depreciation and Taxes	
Net Revenues	
Ratio of Net Revenues to Net Utility Plant	
(Approx. ____% return)	

\* Use 3% composite rate if you have no other more reasonable rate.

X

Describe plans for the operation of the utility. Show the qualifications of management and operating personnel, availability of operating personnel to customers, how billing is to be handled, and provisions for handling customers' inquiries and complaints.

State how the sewer system is to be financed. (If applicant is a corporation it must request PUC authority to issue its stock and substantiate the proposed expenditure of all stock proceeds.) Show how you plan to assure the financial integrity of the public utility during this development period.

State if land developer is willing to pay applicant from \$100 to \$300 through the escrow agent each time a lot is sold to cover the out-of-pocket operating losses during a development period of 5 to 15 years.

XI

WHEREFORE, applicant requests an order (here state clearly and concisely the specific authorization sought).

Dated at \_\_\_\_\_, California, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Signature of each applicant)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Signature, address and telephone number of attorney, if any)

## Verification

I am the applicant (an officer of the applicant corporation herein, and am authorized to make this verification on its behalf) in the above entitled matter; the statements in the foregoing document are true of my own knowledge, except as to the matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on \_\_\_\_\_ at \_\_\_\_\_, California.  
(date) (name of city)

(Signature of California or  
Signature and Title of  
Corporate Officer)

Name of Utility \_\_\_\_\_  
Location \_\_\_\_\_

Appl/Case No. \_\_\_\_\_  
Date Prepared \_\_\_\_\_  
Engineer \_\_\_\_\_

**CHECK LIST OF INFORMATION TO BE OBTAINED  
IN CONNECTION WITH CERTIFICATE APPLICATIONS OF  
WATER UTILITIES**

	Satis.	Remarks, if unsatisfactory or qualifying
I. REVIEW OF THE APPLICATION Should show the following in compliance with Rule 13, Commission's Rules of Procedure		
A. Description of Proposed Construction		
1. Pipe sizes		
2. Pipe location (streets, alleys, easements, etc.)		
3. Sources of supply		
4. Type of system (pressure, gravity or combination)		
5. Storage		
6. Other		
B. Names and addresses of All Competing or Adjacent Water Systems Appear to be Complete		
C. Map showing Proposed Facilities and General Location of the Water System		
D. Estimated Cost of Operation Stated		
E. Utility Plant		
1. Estimate of cost		
2. Reasonableness of cost estimate		
3. Method of financing		
4. Other		
F. Statement of Proposed Rates		
G. Other Pertinent Information		

II. ENGINEERING

Complete after field investigation.

A. General Field Inspection

1. Sources of water supply
  - a) Wells
  - b) Springs
  - c) Streams
  - d) Purchased
  - e) Adequacy  
(from Attachment 1)
2. Storage facilities  
(existing or proposed)
  - a) Sites (elevated, etc.)
  - b) Type of construction
  - c) Capacity (in conjunction with  
supply from Attachment 1)
3. Distribution system  
(existing or proposed)
  - a) Pipe materials  
(gauge, if steel)
  - b) Pipe coating or lining  
(if any)
  - c) Dead ends eliminated or  
well designed
  - d) Depth of pipe per G.O. 103
  - e) Pressure contour study
  - f) Effect of soil on pipe
  - g) Adequate valving
4. Transmission system (if any)
  - a) Materials
  - b) Design (in conjunction with  
storage)
5. Pumping equipment (if any)
  - a) Locations
  - b) Automatic controls  
(if necessary)

- c) Booster capacity (if any)
- d) Well capacity (if any)
- e) Proper design for requirement
- f) Standby and emergency provision (if any)

6. Chlorination (if any)

B. Review of Plant Costs

- 1. Set forth on Attachment 2
  - a) Reasonableness of costs

C. Sites Deeded to Utility and at Reasonable Cost

- 1. Well sites
- 2. Tank sites
- 3. Pump sites
- 4. Filter or other water supply sites
- 5. Office or other building sites

D. Location of Pipelines

- 1. In Public streets
- 2. In utility easements
- 3. In rights of way

E. Location of Adjacent Utilities as Indicated in Application

III. FINANCIAL

A. Applicant Financially Sound

B. Affiliated Operations

- 1. Separation of revenues
- 2. Separation or allocation of expenses



- 3. Charges to plant accounts
- C. Financing of Extensions
- IV. ESTIMATES OF FUTURE OPERATIONS
  - A. Management or Supervision
    - 1. Physically capable (if by owner)
    - 2. Knowledge of water works operation
    - 3. Availability
  - B. Planned Growth
    - 1. Subdividers advance contracts
    - 2. Average no. cust. for year \_\_\_\_\_
    - 3. Estimated gross revenue for year \_\_\_\_\_
  - C. Operating Expenses
    - 1. Personnel requirements
    - 2. Provision for accounting
    - 3. Foreseeable increases

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V. OPERATION REQUIREMENTS

A. Operating Procedures

1. Knowledge of Uniform System of Accounts
2. Knowledge of Annual Report Requirements
3. Knowledge of tariff filing procedure
  - a) Advice letters
  - b) Rates
  - c) Rules
  - d) Tariff service area map
  - e) Sample forms
4. Knowledge of service and facilities map requirements
  - a) Scale
5. Bill payment procedure
6. Place for public contact for service complaints or emergencies
7. Knowledge of G.O. 103

VI. PUBLIC AGENCY REQUIREMENTS

A. City or County Franchise Requirements Met

B. Health Permit

1. Temporary Permit
2. Final approval

C. Other Public Agency Requirements

- 1.
- 2.